

# GSA - Deregulation Update

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# Electric Market Status

- Volatile and higher prices on the wholesale market
- Almost ALL retail customers shielded from these high prices except in NYC & CA
- CA's problems dominating the issue
- Demand has begun to outstrip our electric infrastructure's ability to provide supply and transmission in key market areas

# Electric Market Status

- Convergence of electric and gas pricing
- No new states are restructuring
- Shopping is essentially “dead” for most of country in the near term

# GSA Activities

- Philosophy of shopping when markets open to obtain the best pricing available
- GSA has shopped for power in the following states: New England, NY, PA, NJ, DE, MD, DC, OH, and IL
- GSA has had mixed results in the various states but on the whole we have done as well as anyone

# Upcoming “Hot Spots”

- Assuming that CA and the West do not melt down, the following new areas should be active in the next year:
- TX, CA, NYC, Baltimore, VA, and all areas where we have shopped before
- Need to pay particular attention to any area where we are exposed to market based rates
- GSA is highly exposed to restructured markets (70% of \$205 million)

# Where Are We Going?

- Restructured states are slowly going to move customers to market based rates
- Wait and see in the other states
- Price risk will shift from utility to retail customer
- GSA needs to think through the implications of market based rates in light of our exposure to restructured markets

# Where Are We Going?

- A shift in focus to risk management
  - Interactive information management
  - Equipment
  - Procurement Strategy will reflect risk management decisions
  - Resources to execute (in-house/outsource)